

City of Longmont CDBG-DR Flood Recovery Housing Programs Income Calculation Policy

To determine an applicant's income for eligibility purposes, the City of Longmont CDBG-DR Flood Recovery Housing Programs will verify income and assets based on Department of Housing and Urban Development (HUD) regulations and annual income as defined in 24 CFR 5.609, referred to as "Part 5 Annual Income."

The city will verify a household's income at the time of application. The current HUD Income Limits, adjusted for household size, at the time of verification will be used to determine an applicant's eligibility for CDBG-DR funding.

Household size

In order to determine the size of a household for the purposes of verifying income as part of these Programs, the United States Department of Housing and Urban Development ("HUD") considers all persons who live in the same house to be household members. A household's members may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share the same house.

Persons not considered as part of the household when determining household size include:

- Foster children
- Foster aides
- Live-in aides, and children of live-in aides

These persons will not be counted as household members when determining household size and their income will not be included when determining a household's annual income. A child who lives in the household at least 50% of the time and is named in a shared-custody agreement will be counted in the household. If a family member is permanently absent from the household (e.g., a spouse who is in a nursing home), the head of household may choose to count that person as a member of the household and include their income or determine that the person is no longer a member of the household.

A temporarily absent individual on active military duty will not be counted as part of the household size and their income will not be considered unless that person is the head of the household, spouse of the head of household, or co-head of household. However, if the spouse or dependent of the person on active military duty resides in the unit, that person's income must be counted in full, even if the military member is not the head or spouse of the head of the household. The income of the head, spouse, or co-head will be counted even if that person is temporarily absent for active military duty.

Roommates will not be considered as part of the household size, and their income not considered, if there is a valid lease documenting the amount of monthly rent to be paid to the household. Rental income will be counted as part of the household's annual gross income. If there is not a valid lease, the roommate will be considered a household member and their income and assets will be considered as part of the household's calculation.

Household Income

The City of Longmont will verify the anticipated gross income for all household members 18 years and older. Federal regulations require that a household's annual income is projected out for the next 12 months using a 'snapshot' of the household's current circumstance, not their past earnings. The City will assume that a household's current circumstances will remain the same for the next 12 months unless there is valid documentation that shows the current circumstances will change (e.g., a raise is projected within the next 12 months or child support is scheduled to end).

Net business income will be considered for household members who are self-employed. Applicants are required to submit a 12 month profit and loss statement to substantiate their income. Rental income for home offices is not considered a valid business expense without adequate documentation of the office space compared to the overall size of the home. No more than 30% of the annual bill for each utility will be considered as a business expense. The full cost for a dedicated business phone line will be considered as a business expense.



Health insurance expenses and premiums will not be considered a business expense for those who are self-employed and will not be deducted from the gross income of household members who are not self-employed.

The city will review source documents (e.g., paystubs and profit-and-loss statements) and third party verifications of income for all households.

For household members who are 18 years and older and are fulltime students, but who are not the head of household or the spouse of the head of household, only up to \$480 of their annual gross income will be counted as part of the household's gross annual income. Valid documentation of full-time student status must be submitted. The full gross annual income for a head of household and their spouse will be considered regardless of student status.

Overtime

The City will clarify whether a household member receives sporadic overtime or if it is a regularly occurring component of their income. If it is determined that an applicant has earned and will continue to earn overtime on a regular basis, the city will calculate a projection of the average amount of overtime based on paystubs and a Verification of Employment submitted to the city.

Assets

Applicants are required to submit documentation for assets held by all household members. Income earned from total household assets equaling \$5,000 or more will be calculated. The earned income, not the value of the asset itself, will be counted as part of the household's gross annual income.

The city will count the income earned on all assets even if a household elects not to receive it. Income from assets is calculated based on what is anticipated to be received from the asset during the next 12 months.

An asset's cash value will be considered when calculating earned income. The cash value is the market value less reasonable expenses required to convert the asset to cash (e.g., penalties or fees for converting financial holdings). If an asset is owned by more than one person, the city will prorate the asset according to the applicant's percentage of ownership.

Change in Income within the Initial Six-Month Certification Period

If a household member's income changes within six-months of the date of their income-eligibility certification, documentation must be provided to the city by the employer indicating when notification of this change was given to the employee. A household previously determined income-eligible will remain income-eligible for the duration of their six-month certification period even if the new income puts the household's income over the 80% AMI limit as long as the household was unaware at the time of income eligibility certification that there would be a change in income. If applicable, the household may use the new income when qualifying for a mortgage and/or for their budget review with a housing counselor; the new income will not affect their eligibility for the CDBG-DR Program(s) to which they've applied. If an applicant was receiving the income at the time of income-eligibility certification but did not disclose the income, the income will be recalculated and the household may be determined ineligible for the CDBG-DR Program(s).

If a household has not utilized the CDBG-DR Program (e.g., under contract to complete home repairs or purchased a home with down payment assistance funds) and the six-month eligibility certification period expires, then their income will be recalculated based on the current income situation to determine whether they are still eligible for the program to which they applied. Please see below section for more information.

This section does not apply to the Temporary Rental Assistance Program. If at any time the income of a participant in the Temporary Rental Assistance Program changes, the participant is required to notify the city. If the current income is calculated to be over 80% AMI, the household will be determined ineligible for the Program and the participant will no longer receive rental assistance from the city.

Income Re-verification

An applicant's income verification is valid for six months from when first calculated. If after six months, an eligible applicant has not utilized the CDBG-DR programs (i.e., under contract to complete home repairs, purchased a home with down payment assistance funds, or entered into a temporary rental situation) updated income and asset documentation will be required to be submitted to the city. The city will re-verify income and assets to determine if a household is still eligible for the CDBG-DR Flood Recovery Housing Programs.

Appeal Procedure

If an applicant disagrees with their income calculation, they may appeal within 15 days of their determination or the date of their notification of the appeals process, whichever is later. For more information on the appeals process, refer to the **CDBG-DR Housing Assistance Programs Appeals Procedure**. This procedure is obtained from the City.

*Additional information regarding Part 5 Annual Income may be found at:
<https://www.hudexchange.info/home/topics/income-determination>*

